

Message Text

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ACTION EB-11

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E.O. 11652: N/A

TAGS: EMIN, FI

SUBJECT: "SEAS AND CONTINENTS" COMPANY

REF: HIRABAYASHI-OWENS TELECON

1. SUMMARY- OY SEAS AND CONTINENTS AB IS A FIRM REGISTERED IN FINLAND AND APPARENTLY INTENDED INITIALLY TO PARTICIPATE IN LARGE IRON ORE DEVELOPMENT PROJECT IN KOSTAMUS IN SOVIET KARELIA. PLANS OF ORGANIZERS HAVE NOT MATERIALIZED AND FIRM HAS NO ASSETS, IS LOOKED UPON SUSPICIOUSLY BY FINNISH BANKING AND GOVERNMENT OFFICIALS, AND FOR PRACTICAL PURPOSES APPEAR UNLIKELY TO GET OFF THE GROUND. PROSPECTIVE FINANCIAL BACKERS OF FIRM SHOULD EXERCISE DUE CAUTION.

2. ON SEPTEMBER 27 OF THIS YEAR, FINNISH ECONOMIC NEWSPAPER KAUPPALEHTI PRINTED STORY THAT COMPANY NAMED "OY SEAS AND CONTINENTS AB" HAD BEEN ENTERED ON COMMERCIAL REGISTRY WITH IMPLAUSIBLY HIGH NOMINAL CAPITALIZATION OF 800 MILLION FINNARKS (E.G. MORE THAN DOUBLE THAT OF NESTE). INQUIRIES MADE AT THAT TIME REVEALED THAT OWNERS, MR. YRJO KIURU, MRS. EEVA WALLENUS, AND COMPANY NAMED OY STAINLESS AB (MANAGED BY MR. KIURU), HAD MINIMAL CREDIT RATING AND LITTLE OR NO BUSINESS REPUTATION.

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3. ACCORDING TO NEWSPAPER REPORT COMPANY WOULD "ENGAGE

IN INDUSTRIAL REFINING OF METALS". IT WOULD IMPORT METAL INTO FINLAND, AND HAD BEEN NEGOTIATING WITH AN AMERICAN FIRM WHICH WOULD BE PURCHASING HALF OF STOCK. DESCRIPTION OF PROJECT CLEARLY POINTED TO FINNISH-SOVIET KOSTAMUS IRON MINE PLAN AND CONVERSATION WITH KAUPPALEHTI REPORTER TURNED UP NAME OF KORF ENGINEERING CORP. OF TENNESSEE. (SEE HELSINKI A-267 OF OCTOBER 21, 1972). IN RESPONSE TO INQUIRIES FROM ECONOMIC COUNSELOR, BOTH BANK OF FINLAND AND MINISTRY OF TRADE AND INDUSTRY OFFICIALS PRIVATELY EXPRESSED SKEPTICISM.

4. FOLLOWING HIRABAYASHI-OWENS TELECON, EMBOFF CONTACTED MANAGING DIRECTOR AND PART OWNER OF OY SEAS AND CONTINENTS AB, YRJO KIURU, AND WAS TOLD THE FOLLOWING : AT THE MOMENT THERE IS NO AMERICAN COMPANY PARTICIPATING COMPANY HAS ONLY RECENTLY RECEIVED PERMISSION TO SELL UP TO 20 PERCENT OF ITS SHARES TO FOREIGNERS. I RESPON*E TO DIRECT QUESTION AS TO WHETHER COMPANY HAD ANY INTENTIONS OF PARTICIPATING IN KOSTAMUS PROJECT, MR. KIURU ADMITTED THAT THE COMPANY HAD INDEED BEEN FORMED WITH THE INTENTION OF "OPERATING IN THE EASTERN-BLOCK AREA", BUT UNFORTUNATELY A DELAY IN PERMISSION TO SELL ITS STOCK TO FOREIGNERS HAD MORE OR LESS PRECLUDED ITS PARTICIPATION IN THE KOSTAMUS PROJECT. THE COMPANY HAS NO ASSETS AT THE MOMENT, AND PLANS ARE NOT VERY CLEAR AT THE MOMENT AS TO WHAT DIRECTION IT WILL TAKE. KREHBIEL

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